



King County

OFFICE OF ECONOMIC AND FINANCIAL ANALYSIS

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September 7, 2010

Honorable Members of the Forecast Council:

The economy has taken a turn for the worse since the Forecast Council adopted the Final Forecasts on July 13, 2010. We have updated the forecasts with inputs from Global Insight, the Puget Sound Economic Forecaster (PSEF), the State Economic & Revenue Forecast Council (ERFC), Blue Chip Consensus Forecasts, and the County Tax Assessor. These updates are generally more pessimistic than the inputs used in the July 13 forecasts.

In the report that follows, each revenue topic contains a brief discussion of the relevant forecasts and a discussion of the sources of variance between the adopted “Final” forecasts of July 13 and the new “Revised” forecasts of today. Preceding the actual forecasts will be a very brief discussion of what has changed in the economy since the last Forecast Council meeting.

We have sent detailed tables of all revenue and inflation forecasts as a separate Excel workbook and PDF file.

Thank you for this opportunity to take part in the budget process.

Tom Goodwin, PhD
Chief Economist

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Economist

REVISED REVENUE FORECASTS FOR THE 2011 KING COUNTY BUDGET

Office of Economic & Financial Analysis
September 7, 2010

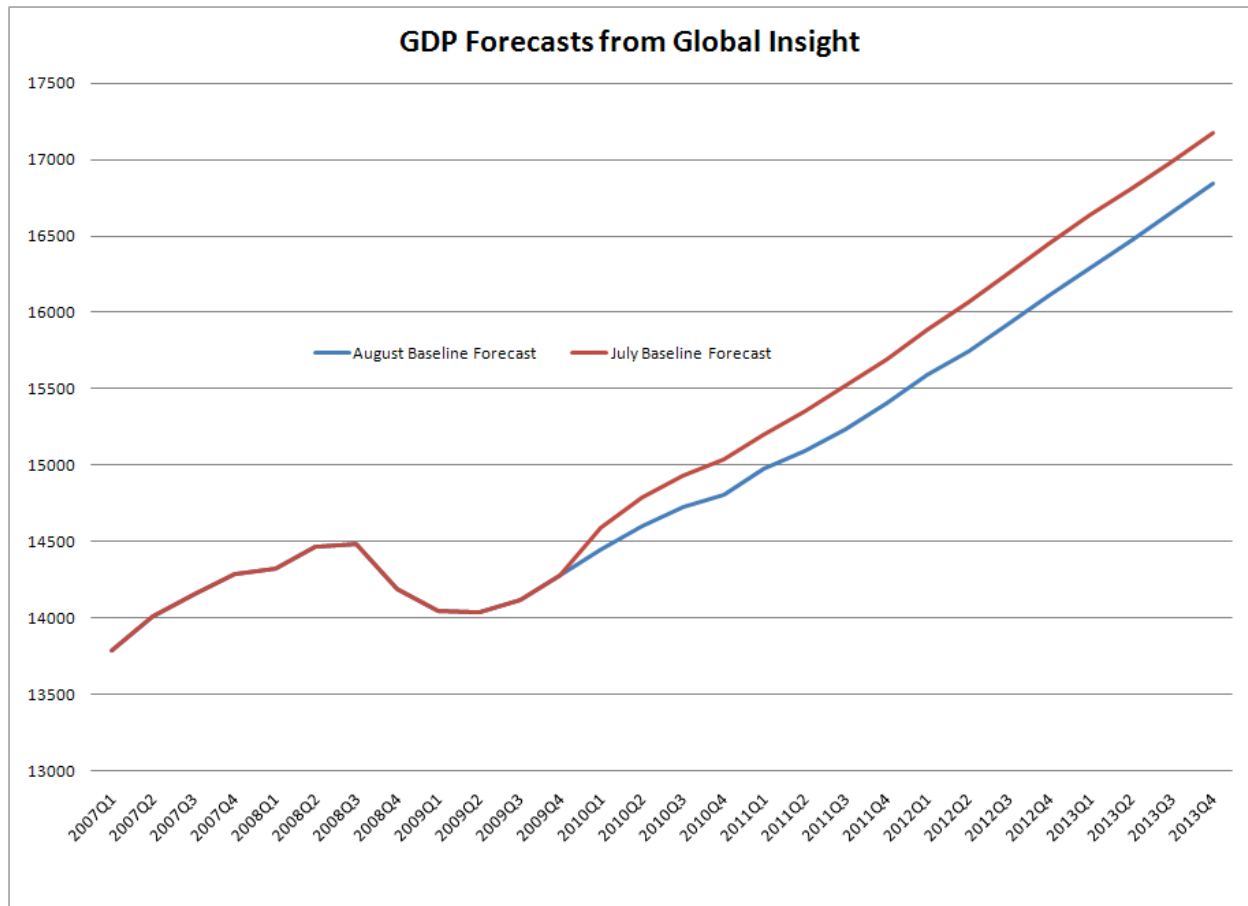
THE ECONOMIC CONTEXT: RECOVERY AT HALF QUARTER SPEED

The U.S. Bureau of Economic Analysis (BEA) reports that the national economy is even weaker than previously thought. The BEA revised downward the estimate of inflation-adjusted Gross Domestic Product (GDP) growth for the first quarter of the year from 2.6% to 1.7%. That rate of growth is not high enough to create enough jobs to keep up with population growth, let alone to absorb the millions of unemployed. The rate of unemployment looks to be stubbornly high for some time. Retail sales are not growing and the continuing problems in the real estate market led most economists to conclude that growth will be anemic throughout the rest of 2010 and into 2011. The gloomier national economic picture has trickled down to both the Washington and King County economic outlooks.

This additional weakness led Global Insight, the State Economic and Revenue Forecast Council (ERFC), the Puget Sound Economic Forecaster (PSEF), and Blue Chip Economic Consensus Forecasts to produce more pessimistic projections. We use all of these sources as inputs in our revenue forecasting models, so naturally that affects our forecasts, substantially in some cases.

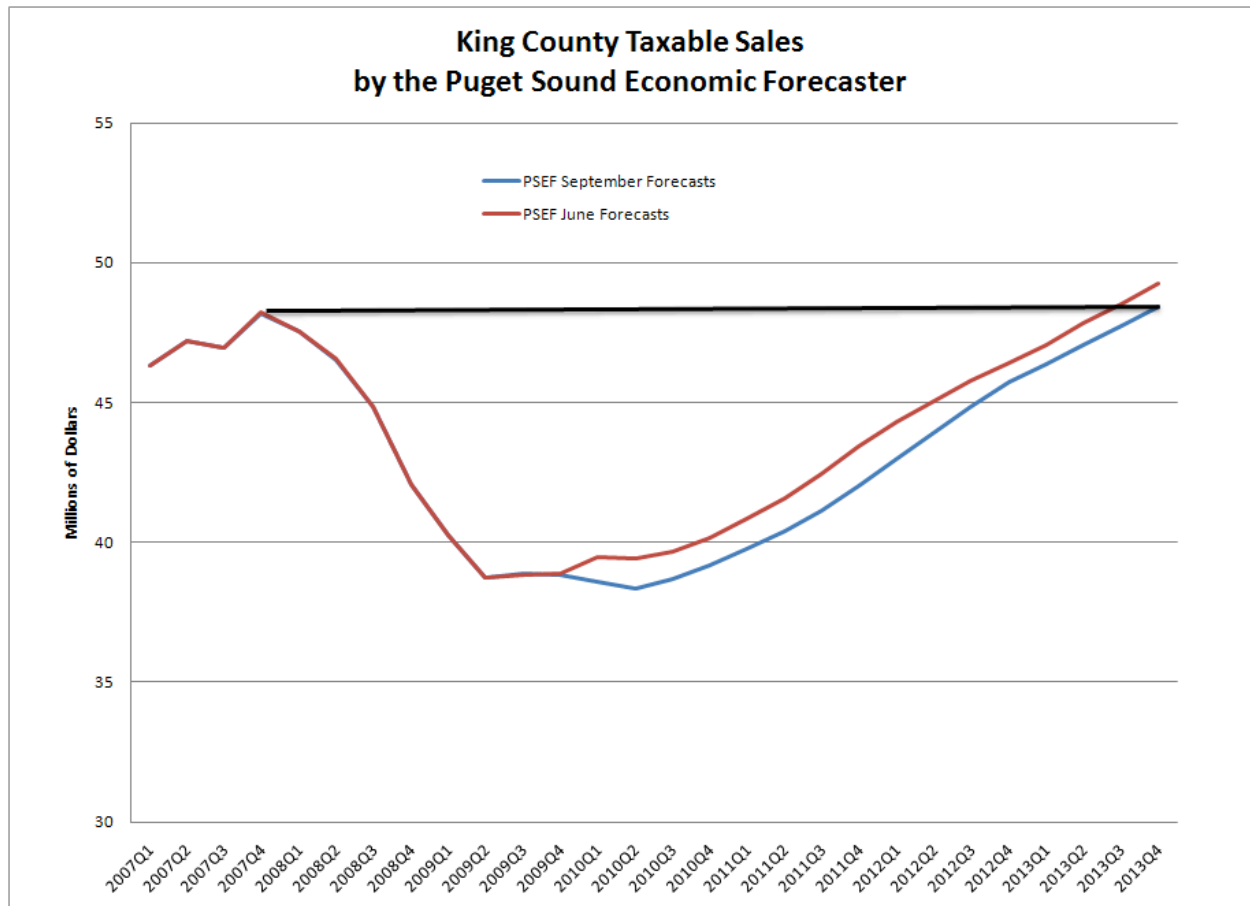
Two charts highlight the differences that have occurred since the Forecast Council adopted our “Final” forecasts on July 13, 2010. Chart 1 illustrates Global Insight’s baseline forecast of GDP separated by only a month. The Final revenue forecasts adopted on July 13 used the Global Insight July GDP forecast, while the Revised revenue forecasts we submit today use the August GDP forecast.

CHART 1



Bringing it down to the local economy, Chart 2 shows forecasts of taxable sales in King County produced by PSEF. The difference is apparent. The chart has a thick black line drawn to illustrate that it will be 2013 before taxable sales in the County are back to their high point in 2007. We employed the June quarterly PSEF model in the projection of King County sales tax revenues in the Final forecasts of July 13. Our Revised revenue forecasts include the September quarterly PSEF model taxable sales forecasts as input.

CHART 2



REVISED REVENUE FORECASTS FOR 2011

This section contains the main highlights of the revised revenue and inflation forecasts. A more complete set of forecasts is contained in a separate Excel workbook and PDF document. We made the forecasts with the following assumptions:

- We construct the forecasts with a 65% level of confidence as required by the Forecast Council. This means that there is a 65% chance that actual revenues will exceed forecasted, and only a 35% chance that actual will fall below forecasted. (We reverse the confidence level to a 65% chance that actual inflation will be below forecasted, as inflation is a cost.) This is different from a more typical expected value forecast, which would be at the 50% confidence level.
- We assume all planned annexations of unincorporated areas into incorporated municipalities occur as scheduled through 2015. Since some of these planned annexations are subject to voter approval. Consequently, they may not occur, or may occur later than assumed. This makes the forecasts on the conservative side for those revenues affected by jurisdiction.
- We do not assume any proposed changes to the tax code. We assume that rates on the books now stay fixed throughout the forecast horizon. Specifically, we do not assume the voters pass in November the proposed 0.2% increase in the general sales tax, or the reinstatement of the candy, gum and bottled water exemption, or any of the liquor initiatives. However, in an appendix we present an alternative scenario analysis where the voters reinstate the sales tax exemption for candy, gum, and bottled water.

Property Taxes: Assessed Valuation

Assessments are made throughout most of 2010, backdated to January 1, 2010, and will apply to the 2011 tax rolls. The Assessor's Office completed about one third of assessments at the time of the July 13 Final forecasts. As of this writing, we now have 74% of all parcels assessed and so a much better picture. The assessed value for all of King County will be down as it was last year, but less by percentage. The residential sector suffered a large decline last year, but only a small one this year. It is the commercial and condominium sectors' turn to have a substantial decline in assessed value. Nevertheless, the residential sector has fared better than we expected back in July, and that has pulled our total AV forecast for tax year 2011 up compared to July (but still negative year-on-year).

Assessed valuation for unincorporated King County has had two partially offsetting effects for tax year 2011. On the one hand, 85% of the unincorporated areas are residential, so those areas have been spared much of the sharp markdowns that have characterized the commercial and condominium sectors. On the other hand, annexations of North Highline X and Pantherlake have removed a significant amount of

assessed value. On balance, our Revised forecast is up 2.86% over the Final forecast in July, but still shows a fall of -9.36% from tax year 2010.

The negative momentum in real estate markets will continue into 2011 (tax year 2012). Recovery in valuations should begin in tax year 2013 and reach full recovery to 2009 levels in 2014-15.

Table 1A – Assessed Valuation - Countywide

Tax Year	Value	Change
2008	340,995,439,577	14.14%
2009	386,889,727,909	13.46%
2010	341,971,517,465	-11.61%
2011	324,631,770,597	-5.07%
2012	312,059,363,085	-3.87%
2013	324,761,751,683	4.07%

Tax Year	Revised Sep 7	Final July 13	Variance
2011	324,631,770,597	320,622,216,647	1.25%
2012	312,059,363,085	323,763,240,641	-3.61%
2013	324,761,751,683	341,464,505,586	-4.89%

Table 1B – Assessed Valuation – Unincorporated King County

Tax Year	Value	Change
2008	50,369,419,770	11.57%
2009	52,536,624,390	4.30%
2010	43,743,564,380	-16.74%
2011	39,647,484,903	-9.36%
2012	33,258,625,859	-16.11%
2013	29,511,490,228	-11.27%

Tax Year	Revised Sep 7	Final July 13	Variance
2011	39,647,484,903	38,545,998,779	2.86%
2012	33,258,625,859	34,583,836,268	-3.83%
2013	29,511,490,228	31,718,568,302	-6.96%

Property Taxes: New Construction

The Assessor's Office had not yet recorded any new construction assessments at the time of the Final forecasts on July 13. Besides our economic inputs, we relied on County permit data, which was down about -25% compared to 2009. As of this writing, about 40% of new construction assessments are in and it is clear that our July 13 forecast, that it would fall by -30%, was far too optimistic! New construction appears headed to a meager \$2.5 billion for the year. Our conservative methodology currently puts it at around \$2.4 billion, a -54% drop from tax year 2010. Recovery to 2009 levels is a long, long way off.

Table 2B presents the Revised forecasts for new construction in unincorporated King County. Note that we have backed out estimates of new construction in planned annexation areas. This is a different treatment than in the Final forecast of July 13, where we did not back out annexations, but noted them in an appendix. This makes the variance with the July 13 forecasts that much larger.

Table 2A – New Construction - Countywide

Tax Year	Value	Change	
2008	6,663,100,000	11.98%	
2009	8,005,200,000	20.14%	
2010	5,205,200,000	-34.98%	
2011	2,399,966,426	-53.89%	
2012	2,607,521,906	8.65%	
2013	2,854,079,566	9.46%	
Tax Year	Revised Sep 7	Final July 13	Variance
2011	2,399,966,426	3,638,204,200	-34.03%
2012	2,607,521,906	2,676,631,266	-2.58%
2013	2,854,079,566	2,792,747,386	2.20%

Table 2B – New Construction – Unincorporated King County

Tax Year	Value	Change
2008	938,271,172	-10.80%
2009	821,583,000	-12.44%
2010	304,665,097	-62.92%
2011	130,684,801	-57.11%
2012	125,636,948	-3.86%
2013	117,419,229	-6.54%

Tax Year	Revised Sep 7	Final July 13	Variance
2011	130,684,801	212,947,406	-38.63%
2012	125,636,948	156,665,666	-19.81%
2013	117,419,229	163,462,048	-28.17%

Sales Taxes

Projections of personal income, retail sales, unemployment rates and State tax revenues are uniformly more pessimistic now for 2011 than those used in the July 13 Final forecasts. This has resulted in a decrease of tax base forecasts of -3.35% compared to the Final forecasts. The tax base will turn the corner, i.e., growth will switch from negative to positive, in 2011 in line with the recovery of the King County economy. Planned annexations of unincorporated King County areas into incorporated cities will affect the General Fund, Children & Family Services, and the Criminal Justice funds, reducing the amounts received by the County. If rates do not change, it will be 2015 before General Fund sales tax revenues are back to pre-recession levels.

These forecasts include additional changes beyond the change in the economic outlook. We incorporate year-to-date updates in revenues and mitigation payments from the State Department of Revenue and new population estimates from the State Office of Financial Management. We use population estimates to calculate the impact of annexations. We also include certain technical corrections. Because of these additional changes, the variance in tax revenues between the Revised forecasts of September 7 and the Final forecasts of July 13 can be different from the variance of the tax base forecasts.

Table 3 – Sales & Use Tax Base

Year	Value	Change	
2008	47,440,908,711	-3.71%	
2009	40,783,082,660	-14.03%	
2010	39,676,155,372	-2.71%	
2011	41,429,229,259	4.42%	
2012	44,282,496,496	6.89%	
2013	47,383,180,481	7.00%	
Tax Year	Revised Sep 7	Final July 13	Variance
2011	41,429,229,259	42,865,193,062	-3.35%
2012	44,282,496,496	45,435,967,162	-2.54%
2013	47,383,180,481	48,508,919,971	-2.32%

Table 4 – Local Option: General Fund + Children & Family Services Revenues

Year	Value	Change	
2008	87,672,896	-4.61%	
2009	76,142,480	-13.15%	
2010	72,740,417	-4.47%	
2011	74,642,819	2.62%	
2012	77,233,178	3.47%	
2013	81,858,151	5.99%	
Tax Year	Revised Sep 7	Final July 13	Variance
2011	74,642,819	78,096,055	-4.42%
2012	77,233,178	80,133,612	-3.62%
2013	81,858,151	84,742,732	-3.40%

Table 5 – Metro Transit Tax Revenues

Year	Value	Change
2008	432,934,213	-2.06%
2009	376,904,266	-12.94%
2010	366,981,417	-2.63%
2011	383,196,333	4.42%
2012	409,587,400	6.89%
2013	438,266,927	7.00%

Tax Year	Revised Sep 7	Final July 13	Variance
2011	383,196,333	396,490,761	-3.35%
2012	409,587,400	420,269,685	-2.54%
2013	438,266,927	448,693,618	-2.32%

Table 6 – Mental Illness & Drug Dependency Revenues

Year	Value	Change		
2008	35,564,904	-		
2009	41,773,812	17.46%		
2010	40,784,143	-2.37%		
2011	42,586,173	4.42%		
2012	45,519,120	6.89%		
2013	48,706,393	7.00%		
Tax Year	Revised Sep 7	Final July 13	Variance	
2011	42,586,173	44,055,520	-3.34%	
2012	45,519,120	46,697,682	-2.52%	
2013	48,706,393	49,855,968	-2.31%	

Table 7 – Criminal Justice

Year	Value	Change		
2008	12,973,186	-8.83%		
2009	11,086,865	-14.54%		
2010	10,326,399	-6.86%		
2011	10,037,502	-2.80%		
2012	10,099,408	0.62%		
2013	10,130,800	0.31%		
Tax Year	Revised Sep 7	Final July 13	Variance	
2011	10,037,502	10,381,434	-3.31%	
2012	10,099,408	10,360,031	-2.52%	
2013	10,130,800	10,369,651	-2.30%	

Table 8 – Summary of All Sales Tax Revenues
Sept 7 Revised Forecast -- All Sales Tax Revenues

Year	Local	Transit	Mental Health	Criminal Justice	Total
2009	76,142,480	376,904,266	41,773,812	11,086,865	505,907,423
2010	72,740,417	366,981,417	40,784,143	10,326,399	490,832,376
2011	74,642,819	383,196,333	42,586,173	10,037,502	510,462,828
2012	77,233,178	409,587,400	45,519,120	10,099,408	542,439,107
2013	81,858,151	438,266,927	48,706,393	10,130,800	578,962,272
2014	85,909,184	459,956,075	51,116,797	10,243,910	607,225,965
2015	88,107,745	483,791,198	53,765,691	10,225,433	635,890,067

July 8 Final Forecast -- All Sales Tax Revenues

Year	Local	Transit	Mental Health	Criminal Justice	Total
2009	76,142,480	376,904,266	41,773,812	11,086,865	505,907,423
2010	72,781,468	363,128,019	40,348,466	10,222,332	486,480,285
2011	78,096,055	396,490,761	44,055,520	10,381,434	529,023,770
2012	80,133,612	420,269,685	46,697,682	10,360,031	557,461,010
2013	84,742,732	448,693,618	49,855,968	10,369,651	593,661,970
2014	89,506,141	473,914,793	52,658,384	10,550,636	626,629,954
2015	92,247,066	500,918,534	55,658,867	10,583,160	659,407,626

Percent Variance Between Sept 7 Revised and July 8 Final Forecasts

Year	Local	Transit	Mental Health	Criminal Justice	Total
2009	0.0%	0.0%	0.0%	0.0%	0.0%
2010	-0.1%	1.1%	1.1%	1.0%	0.9%
2011	-4.4%	-3.4%	-3.3%	-3.3%	-3.5%
2012	-3.6%	-2.5%	-2.5%	-2.5%	-2.7%
2013	-3.4%	-2.3%	-2.3%	-2.3%	-2.5%
2014	-4.0%	-2.9%	-2.9%	-2.9%	-3.1%
2015	-4.5%	-3.4%	-3.4%	-3.4%	-3.6%

Hotel/Motel and Rental Car Taxes

The recession has naturally affected the volume of business travel and tourism in King County. We have revised our projections downward from the Final July 13 forecasts as the rebound is running slower than previously expected.

Table 9 - Hotel/Motel Tax Revenue

Year	Value	Change
2008	20,701,685	1.02%
2009	16,892,478	-18.40%
2010	16,828,921	-0.38%
2011	17,033,396	1.22%
2012	17,580,230	3.21%
2013	18,456,827	4.99%

Tax Year	Revised Sep 7	Final July 13	Variance
2011	17,033,396	17,396,900	-2.09%
2012	17,580,230	17,825,523	-1.38%
2013	18,456,827	18,823,512	-1.95%

Table 10 – Rental Car Tax Revenue

Year	Value	Change
2008	2,835,443	0.00%
2009	2,651,750	-6.48%
2010	2,539,200	-4.24%
2011	2,644,383	4.14%
2012	2,710,092	2.48%
2013	2,826,451	4.29%

Tax Year	Revised Sep 7	Final July 13	Variance
2011	2,644,383	2,647,520	-0.12%
2012	2,710,092	2,706,536	0.13%
2013	2,826,451	2,830,237	-0.13%

Real Estate Excise Tax Revenue

REET is a tax on real estate transactions and follows activity in the real estate market. The strongest leading indicators of future transactions are trends in house prices, both at the national and local level, mortgage rates, single-family housing construction and housing permits. Although year-to-date REET is currently running at a 13% growth rate, the end of incentive programs means a reduction in transactions for the rest of the year, leading to our more modest projection. The revised forecast also reflects a view that the sluggishness of the real estate sector will continue longer than previously thought.

We only forecast the County's portion of REET 1 revenue. There is also a REET 2, which is equal to REET 1. Therefore, a full accounting of REET revenue would be to double our forecast of REET 1. There will be a sharp reduction in revenues from annexations, as the County receives no REET revenue from transactions that occur in incorporated cities.

Table 11 – Real Estate Excise Tax Revenue (REET 1)

Year	Value	Change
2008	4,912,082	-46.62%
2009	3,809,800	-22.44%
2010	3,857,982	1.26%
2011	3,673,177	-4.79%
2012	3,127,648	-14.85%
2013	3,273,774	4.67%

Tax Year	Revised Sep 7	Final July 13	Variance
2011	3,673,177	3,818,100	-3.80%
2012	3,127,648	3,184,734	-1.79%
2013	3,273,774	3,242,566	0.96%

INFLATION

The more negative economic outlook has resulted in lower inflation expectations for the most part. This is a bright spot since inflation is a cost to the County.

CPI-W-US

The September-to-September CPI-W (office workers and wage earners) is the basis for calculating Cost-of-Living-Allowances (COLAs) for many union contracts with the County. Note that this way of calculating inflation – September-to-September – makes the rate of inflation very volatile compared to a 12-month average. Bucking the overall

trend in inflation, we have upped our forecast for 2010-11 based on its year-to-date run of 2.5% and its volatility compared to annual averages.

Table 12 – CPI-W – US – Sep-to-Sep

Year	Value	Change
2008	5.42%	2.65%
2009	-1.68%	-7.10%
2010	1.65%	3.33%
2011	1.67%	0.02%
2012	2.01%	0.34%
2013	2.18%	0.18%

Tax Year	Revised Sep 7	Final July 13	Variance
2011	1.67%	1.36%	0.31%
2012	2.01%	2.23%	-0.22%
2013	2.18%	2.35%	-0.17%

CPI-U-US

We set the 2010-2011 means of the CPI-U-US equal to the Blue Chip Consensus average. The CPI-U has been running at a 1.98% annual rate so far this year, but we expect that to come down the rest of the year in response to the slowing economy. We calculate this as an annual average.

Table 13 – CPI-U – US – 12 Month Average

Year	Value	Change
2008	3.82%	0.95%
2009	-0.32%	-4.14%
2010	1.65%	1.98%
2011	1.67%	0.02%
2012	2.23%	0.56%
2013	2.37%	0.14%

Tax Year	Revised Sep 7	Final July 13	Variance
2011	1.67%	1.70%	-0.03%
2012	2.23%	2.40%	-0.18%
2013	2.37%	2.50%	-0.13%

CPI-U-Seattle

Historically, the CPI-U for Seattle (actually Seattle, Tacoma and Bremerton) has had a higher rate of inflation than the national indexes. That era may be ending. The CPI-U has increased at an annual rate of only 0.27% for the first six months of the year, and both ERFC and PSEF are projecting lower rates of inflation going forward than the national indexes. This may be because the cumulative effect of years of higher-than-national inflation has left local prices with more room to give during a slow economy. We have reduced our forecasts for the next few years accordingly.

Table 14 – CPI-U – Seattle – 12 Month Average

Year	Value	Change
2008	4.32%	0.48%
2009	0.57%	-3.75%
2010	0.67%	0.10%
2011	1.64%	0.97%
2012	2.13%	0.49%
2013	2.31%	0.18%

Year	Revised Sep 7	Final July 13	Variance
2011	1.64%	1.78%	-0.14%
2012	2.13%	2.53%	-0.40%
2013	2.31%	2.74%	-0.44%

PPI-Pharmaceuticals

Usually, pharmaceutical prices are double or triple the rate of overall inflation. They are running at a 4.26% rate year-to-date, which is relatively moderate. Clearly, the economic slowdown has had an impact even on drug prices. We have reduced our 2011-12 forecasts accordingly.

Table 15 – PPI – Pharmaceuticals – 12 Month Average

Year	Value	Change
2008	6.87%	2.15%
2009	7.18%	0.31%
2010	5.27%	-1.91%
2011	7.73%	2.46%
2012	9.97%	2.24%
2013	10.33%	0.36%

Year	Revised Sep 7	Final July 13	Variance
2011	7.73%	9.61%	-1.88%
2012	9.97%	10.82%	-0.85%
2013	10.33%	10.33%	0.00%

CPI-U-Transportation

This is a very volatile index, driven partly by the price of gasoline. The index has grown at a 10% annual rate so far this year. In spite of that, the overall disinflation in the economy should affect consumer transportation costs through 2011. We have reduced our forecast accordingly.

Table 16 – CPI-U – Transportation – 12 Month Average

Year	Value	Change
2008	5.88%	3.77%
2009	-8.33%	-14.22%
2010	2.54%	10.87%
2011	0.71%	-1.82%
2012	2.92%	2.20%
2013	2.62%	-0.30%

Year	Revised Sep 7	Final July 13	Variance
2011	0.71%	1.14%	-0.43%
2012	2.92%	2.79%	0.12%
2013	2.62%	2.59%	0.03%

The Investment Pool Rate of Return

The Pool's return has been low over the last couple of years and the outlook is for that to continue for another two years. The shortness of the pool's weighted average maturity means that the Federal Funds Rate will be the most important factor driving the pool's yield and net return.

There is wide agreement that the Federal Reserve Bank will raise its rates, but disagreement over when, how fast and how far. The previous mainstream view that the Fed will begin to raise rates gradually in 2011 has been replaced with an expectation that it will not begin until 2012, perhaps late 2012. This lowers our forecast for the Pool's return.

The forecast assumes that the portfolio will remain in its defensive stance with short maturities and only government issues. We would adjust forecasted returns if maturities should lengthen or commercial paper added, likely upwards.

Table 17 – Investment Pool Net Rate of Return

Year	Value	Change
2008	3.30%	-1.79%
2009	1.75%	-1.54%
2010	0.73%	-1.02%
2011	0.89%	0.16%
2012	1.37%	0.49%
2013	2.04%	0.67%

Tax Year	Revised Sep 7	Final July 13	Variance
2011	0.89%	1.08%	-0.19%
2012	1.37%	1.54%	-0.17%
2013	2.04%	2.18%	-0.14%

Summary

Fiscal and calendar year 2011 and beyond will be a continuation of the slow economic recovery in King County, producing several very challenging years for tax revenues.

- Assessed valuations will decline in tax year 2011. Assessed valuations will not return to pre-recession levels for 3 years at the earliest.
- A return to the height of the new construction boom in 2008 (tax year 2009) is not even in our 10 year horizon. We do see a return to double digit growth beginning in 2013, albeit from a much-reduced base.
- Sales tax revenues will steadily increase in all categories. Some categories, notably the General Fund, will see annexations slowing those increases. We do not foresee a return to pre-recession levels of sales tax revenue before 2013 for the Metro Transit and 2015 for the General Fund.
- Inflation will be low, keeping cost-of-living salary and wage adjustments low as well.
- Revenue from Real Estate Excise Taxes will continue to decline over the next two years, because of the slowed real estate market and planned annexations.
- Low yields in the market will hold down the net rate of return to the investment pool. We expect these low yields to continue for another year or two as the Fed continues its policy of low interest rates.
- Hotel and rental car sales tax revenues will slowly increase as business travel and tourism pick back up.

APPENDIX

SALES TAX SCENARIO: IF THE VOTERS REINSTATE THE EXEMPTION FOR CANDY, GUM AND BOTTLED WATER

Candy, gum and bottled water had been classified as food, and therefore exempt from sales tax. An act of the State Legislature removed the exemption effective June 1, 2010, and now these items are taxed as any other retail good. Initiative 1107 will appear on the November 2010 ballot. It would reinstate most of these items to tax-exempt status.

We assume these items continue to be taxed as ordinary retail goods into the indefinite future in our Revised forecasts. Drawing on research from the State Office of Financial Management, the Puget Sound Economic Forecaster, and the State Economic and Revenue Forecast Council, we added 0.9% per year to the taxable base, gradually ramping up to that level from June 1 to the end of the year.

Below we present a scenario that instead assumes the voters pass 1107 and those items once again become tax exempt. Obviously, this will reduce the tax base by 0.9% in 2011 and beyond. We also assume the reinstatement does not affect revenues for 2010. The first panel presents the forecasts with the candy, gum and bottled water revenues removed. The second panel repeats the Revised forecasts, which assumes those revenues will remain. The third panel presents the revenue losses, or variance.

1107 Passes: Candy, Gum, Bottled Water Exempt from Sales Tax

Year	GF + CFS	Metro Transit	Mental Health	Criminal Justice
2009	76,142,480	376,904,266	41,773,812	11,086,865
2010	72,740,417	366,981,417	40,784,143	10,326,399
2011	73,977,026	379,778,328	42,206,316	9,949,696
2012	76,544,280	405,933,994	45,113,102	10,011,066
2013	81,127,999	434,357,708	48,271,946	10,042,194
2014	85,142,897	455,853,394	50,660,849	10,154,311
2015	87,321,848	479,475,915	53,286,116	10,136,015

1107 Does Not Pass: Candy, Gum, Bottled Water Remains Taxable (Revised Forecasts)

Year	GF + CFS	Metro Transit	Mental Health	Criminal Justice
2009	76,142,480	376,904,266	41,773,812	11,086,865
2010	72,740,417	366,981,417	40,784,143	10,326,399
2011	74,642,819	383,196,333	42,586,173	10,037,502
2012	77,233,178	409,587,400	45,519,120	10,099,408
2013	81,858,151	438,266,927	48,706,393	10,130,800
2014	85,909,184	459,956,075	51,116,797	10,243,910
2015	88,107,745	483,791,198	53,765,691	10,225,433

Variance Analysis: Reduced Revenue if 1107 Passes

Year	GF + CFS	Metro Transit	Mental Health	Criminal Justice
2009	0	0	0	0
2010	0	0	0	0
2011	-665,793	-3,418,005	-379,857	-87,806
2012	-688,899	-3,653,406	-406,018	-88,342
2013	-730,152	-3,909,219	-434,448	-88,606
2014	-766,286	-4,102,681	-455,948	-89,599
2015	-785,897	-4,315,283	-479,575	-89,418